

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON LOCAL GOVERNMENT

Call to Order: By **CHAIRMAN MIKE SPRAGUE**, on February 18, 1999 at 3:14 P.M., in Room 410 Capitol.

ROLL CALL

Members Present:

Sen. Mike Sprague, Chairman (R)
Sen. Ken Miller, Vice Chairman (R)
Sen. John C. Bohlinger (R)
Sen. Chris Christiaens (D)
Sen. Dorothy Eck (D)
Sen. Bill Glaser (R)
Sen. Duane Grimes (R)
Sen. Don Hargrove (R)
Sen. J.D. Lynch (D)
Sen. Jon Tester (D)

Members Excused: None.

Members Absent: Sen. Dale Mahlum (R)

Staff Present: Jodi Pauley, Committee Secretary
Mary Vandembosch, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 500, 2/16/1999; SB 504,
2/16/1999
Executive Action: SB 500; SB 504; SB 454; SB
366; SB 264

HEARING ON SB 504

Sponsor: SEN. J.D. LYNCH, SD 19, Butte

Proponents:

Bob McCarthy, County Attorney for Butte - Silverbow
Patricia Saindon, Montana Department of Transportation

Opponents: None

Opening Statement by Sponsor:

SEN. J.D. LYNCH, SD 19, Butte, said this bill does not limit consolidated governments to city limits. He said 20 years ago the center of Butte was on the hill, but is no longer there. However, for gasoline funds they have limited them to the original city limits. This would allow the Department of Transportation to determine what is an urban area.

Proponents' Testimony:

Bob McCarthy, County Attorney for Butte - Silverbow, said the current statute has frozen the ability of city - county governments to collect gas tax allocation for urban streets and roads after city limits have been defined. To solve that problem they want to create an urban district. This bill would allow the department to approve additional boundaries so they are not locked into the city limits.

Patricia Saindon, Montana Department of Transportation, said this addresses the problem of a city - county government. They are calculating checks for city boundaries and checks for the counties and this would enable them to cut just one check for them. They were doing these checks on the old city boundaries before they became consolidated.

{Tape : 1; Side : A; Approx. Time Counter : 3:20 p.m.}

Opponents' Testimony: None

Questions from Committee Members and Responses:

SEN. CHRIS CHRISTIAENS asked about the ratios on page 2. **Pat Saindon** said they will continue to follow the formula. Page 2, line 22, will define what an urban area is and this is important so they don't define all of Butte-Silverbow as an urban area.

SEN. JOHN BOHLINGER asked if there will be winners and losers in Butte - Silverbow concerning this issue. **Pat Saindon** said with the increase in population there is a difference in how they calculate city reimbursement and county reimbursement. She state

with an increased area and larger population they will receive more money. Amounts do change from year to year concerning this.

Gordon Morris, Montana Assoc. of Counties, said there is the county portion of money based upon rural county population and mileage. And there is also the urban calculation. Since they are expanding the urban boundaries there will be more money for the urban area and less for the county portion.

SEN. DOROTHY ECK asked who represents contractors who do small contracts like the maintenance of streets for cities. **Gordon Morris** said the Montana Contractors Assoc. represents large and small contractors.

SEN. BILL GLASER said this is a fairness issue for Butte and will create more revenue for them. **SEN. LYNCH** said they would receive an extra \$60,000 to \$70,000 for their city but less for the county.

Closing by Sponsor:

SEN. LYNCH closed on **SB 504**.

{Tape : 1; Side : A; Approx. Time Counter : 3:30 p.m.}

HEARING ON SB 500

Sponsor: **SEN. DALE BERRY, SD 30, Hamilton**

Proponents:

John Semple, MT Fire Alliance
Pat Clinch, Montana Fire Fighters

Opponents: None

Opening Statement by Sponsor:

SEN. DALE BERRY, SD 30, Hamilton, passed out some proposed amendments for **SB 500**. **EXHIBIT(los40a01)** He said volunteer fireman maintain a disability and pension fund. He said currently it is limited to four percent of the value of that municipality. He said at the four percent figure a number of communities have had their values decreased considerably. And a number of fire departments are acquiring more people that are on that pension when they reach their 20 years. They are having problems maintaining that fund. They don't want to place a burden on municipalities to have to fund this up to 10 percent. He said

they want to raise the cap so it could be maintained up to 10 percent. They don't want to do this through a mill levy, but perhaps if they have a large fund raiser, etc. they could raise the cap.

Proponents' Testimony:

John Semple, MT Fire Alliance, rose in support of **SB 500**.

Pat Clinch, Montana Fire Fighters, said he represents paid fire fighters and this will not affect them. He said the same thing is happening to the small communities that happened to cities in the late 1970s where some of these towns were losing taxable value and couldn't cover their disability pension funds.

Opponents' Testimony: None

Questions from Committee Members and Responses:

SEN. DON HARGROVE asked if volunteer firefighters have an actual pension fund and is the minimum \$50 per month for retired volunteer firefighters. **John Semple** said it is a maximum of \$150.

SEN. HARGROVE asked if they are falling below what they should have. **John Semple** said Hamilton, for example, is allowed up to four mills at the city level. They have approximately \$40,500 applied to the fund each year. They are now paying out \$50,000. Retired persons get \$125 per month and widows get \$100 per month. He said if they could raise the cap they could collect more interest on the money.

SEN. ECK said it appears they have an unstable source of funding based on taxable value. Is there any estimate of how much the taxable value of property is likely to be decreased by the actions of this legislative session. **SEN. BERRY** said he was not sure, but this is a problem in Hamilton where they are actually increasing values. But it is still not enough to maintain that fund.

SEN. ECK said under the current philosophy these groups are going to have to look at some other source of income. **SEN. BERRY** said they are not asking the cities to obligate any more money than they are presently. He said their volunteer fire department is well thought of and they have a waiting list to get into their department.

SEN. KEN MILLER said he would like this to go to a vote of the people. **Mary Vandembosch** said she did not put a requirement to have this go to the voters in the amendments because it will

automatically go with CI-75. However if CI-75 were found invalid then it doesn't say anything about it going to a vote.

SEN. BERRY said the current law would protect them from an increase even without CI-75.

Gordon Morris said they are still limited to a vote of the people by I-105.

SEN. MILLER said it would still be good to have language in there that says authorized by the voters. **SEN. BERRY** said volunteer fireman would have no problem if this went to a vote because they don't want to force communities to go higher than four percent if they don't want to.

Closing by Sponsor:

SEN. BERRY said volunteer fireman are an asset to the small communities and he urged passage of **SB 500**.

{Tape : 1; Side : A; Approx. Time Counter : 3:44 p.m.}

EXECUTIVE ACTION ON SB 500

Motion/Vote: **SEN. ECK** moved that **AMENDMENTS SB050003.amv** BE **ADOPTED**. Motion carried unanimously 10-0.

Motion:

SEN. MILLER moved to make a conceptual amendment and take the contingency voidness off section 3 and add to amendment #4 on SB050003.amv the city or council may if authorized by the voters levy an annual special tax of not less than one mill.

Discussion:

Mary Vandebosch said this language would go to a vote regardless of any initiatives, etc.

SEN. GLASER said this would affect cities and towns not rural and fire district areas, etc. and this may affect the wrong people.

SEN. HARGROVE said this is redundant because they have to do it anyway.

CHAIRMAN SPRAGUE said this could be some added protection.

Vote: Motion carried 9-1 with Christiaens voting no.

Motion/Vote: SEN. GLASER moved that SB 500 DO PASS AS AMENDED.
Motion carried unanimously 10-0.

EXECUTIVE ACTION ON SB 504

Motion: SEN. GLASER moved SB 504 DO PASS.

Discussion:

SEN. GLASER said this gives Butte a larger share of the pie and is necessary because they have this urban area that is unique.

SEN. LYNCH said cities move all the time and expand and they are the only ones that are land locked.

SEN. CHRISTIAENS asked because towns annex all the time how often is this formula changed. Pat Saindon said it is annually for counties and bi-annually for cities according to the latest census. She thought their department calculated every year. Cities annex all the time and they have to consider this in the calculation.

Vote: Motion carried unanimously 10-0.

EXECUTIVE ACTION ON SB 454

Motion: SEN. LYNCH moved SB 454 DO PASS.

Discussion:

SEN. GLASER said the Fiscal Note is wrong, but if the bill is amended then the Fiscal Note will be okay.

Mary Vandebosch passed out amendments and explained them.

EXHIBIT(10s40a02) She said the bill as drafted pays the pilt out of the General Fund and the amendment does not change that. The prison ranch Enterprise Fund cannot pay pilt.

SEN. CHRISTIAENS said if they had any other ranch that is operating at a loss it would still have taxes due. The proceeds in this enterprise fund comes back as ranch operations. This does come from the General Fund with the amendment and it is done properly now.

SEN. MILLER said he doesn't think this amendment will do what the sponsor wanted. He only wanted pilt if the ranch was profitable.

SEN. CHRISTIAENS said right now with the cattle operation it is losing money. However, that has not been the case in previous years. They built an 800,000 dairy barn and they took this money from the enterprise fund. This ranch should be treated the same as any other ranch.

SEN. GLASER said it takes the fund and distributes it. This is only half of the bill.

Mary Vandenbosch explained the amendments further. **EXHIBIT (2)** Without this amendment the revenue would be distributed 60 percent to school districts and 40 percent to the county road fund.

Gordon Morris said perhaps they are missing the generation of the revenue that is to be distributed based upon amended language in 77-1-506. That revenue should come specifically from the ranch. He said they need to add a section addressing state land equalization payment derived from state lands that conducts a farming or ranching operation in an amount equal to whatever the acreage figure is.

{Tape : 1; Side : B; Approx. Time Counter : 4:00 p.m.}

Mary Vandenbosch said they can't amend the law to say it will come out of the Enterprise Fund.

SEN. GLASER said he doesn't understand why they can't treat this farm just like a business in which they have to pay the county for their presence.

SEN. CHRISTIAENS said there are 10 bills that don't need to make transmittal and perhaps they should put this on the list.

SEN. MILLER said he would like to do this also.

SEN. HARGROVE said he can put it on the top ten list to remain until after transmittal.

{Tape : 1; Side : B; Approx. Time Counter : 4:07 p.m.}

EXECUTIVE ACTION ON SB 366

Discussion:

SEN. SUE BARTLETT explained amendments SB036601.alm.

EXHIBIT (1os40a03) She said she chose not to offer amendment #3 because it is not needed. She said the county does not have to participate in this at all, but if they do, then they have to

identify the amount they intent to spend. They cannot receive more than 20 percent from the junk vehicle program and the amendment will change that to 10 percent. Any money received will go to the junk vehicle program.

SEN. LYNCH asked why she didn't want amendment #3. **SEN. BARTLETT** said this would enable a county that wanted to exceed the 10 percent cap to seek department approval for that purchase. She said she is happy with the 10 percent cap.

Motion: **SEN. CHRISTIAENS** moved **AMENDMENT SB036601.alm STRIKING #3 AND ADOPTING THE REST.**

SEN. GRIMES asked if they wanted to protect the integrity of the junk vehicle program. **SEN. BARTLETT** said yes.

SEN. GRIMES asked doesn't that program have a lot of funds in it already and can't they use it to clear up some of the mobile home problems. **SEN. BARTLETT** said the department feels that the local health department would like to be able to specify how much they are going to devote to this. They would like to see the revenues from mobile homes going to that fund to help offset the cost of dealing with mobile homes.

CHAIRMAN SPRAGUE said the junk vehicle program never has enough funds in it.

Vote: Motion **carried unanimously 10-0.**

Motion: **SEN. MILLER** moved **AMENDMENT SB036602.alm.**
EXHIBIT (los40a04)

Discussion:

SEN. BARTLETT explained amendment SB036602.alm. **EXHIBIT (4)**

SEN. MILLER said this makes this a better bill with the amendments.

Vote: Motion **carried unanimously 10-0.**

Motion: **SEN. TESTER** moved that **SB 366 DO PASS AS AMENDED.**

Discussion:

SEN. LYNCH said one of the most successful programs the state has ever enacted is the junk vehicle program. And the reason it is successful is that when people register their car they pay for

the junk vehicle program. People who buy mobile homes don't pay a dime for the junk vehicle program. The money is very tight in this fund and mobile homes do not need to be included in this.

SEN. GRIMES said he thought there was \$1.5 Million in this fund and the program was in fairly solid shape.

SEN. LYNCH said this fund does not have a lot of money in it.

Jon Dilliard, EQC, said there is not \$1.5 Million in the junk vehicle fund. He said the revenue comes in at the end of the fiscal year and at the beginning of the next fiscal year the grants go out to the counties. At the end of the year it shows that there is a large sum of money, but then it immediately goes out again to the counties. The surplus in the fund from year to year is around \$400,000 and that is decreasing over time because revenue from scrap metal has dropped. He said they can continue the program the way it is for another four years and then they will have to make a fee change or find other funding sources.

CHAIRMAN SPRAGUE asked if there is any revenue enhancement for the salvage in tandem axles, hard iron, etc., from mobile homes.

Jon Dilliard said he was contacted by one junk vehicle operator that figured he could get into the mobile home salvage business and picked up five mobile homes. He is now sitting on five mobile homes because he can't get rid of them or any sort of profit from them. There is no surplus money from the recycling of mobile homes.

CHAIRMAN SPRAGUE asked if they should try this for a year or two and then come back and see how it is working. **Jon Dilliard** said the department has taken no position on this bill.

SEN. HARGROVE said this doesn't require the county to do anything it is just an option.

Vote: Motion **carried 8-2 with Glaser and Lynch voting no.**

EXECUTIVE ACTION ON SB 264

SEN. BOHLINGER passed out a gray bill for **SB 264** and explained it. **EXHIBIT (los40a05)**

Mary Vandembosch explained the gray bill. **EXHIBIT (5)**

Motion/Vote: **SEN. BOHLINGER** moved **SB 264 BE TAKEN OFF THE TABLE.**
Motion carried 9-0.

Motion: SEN. BOHLINGER moved AMENDMENTS FOR SB 264 BE ADOPTED.
EXHIBIT (los40a06)

Discussion:

SEN. GLASER said he would like to strike #7 (b) on page 2, line 4, the word "voting". He said this amendments converts this to an or option from what they can do now. The county can design a tax input system to fund their fire system using not only real building property but acreage, etc. By taking the voting out it required them to get out and really sell this.

Mary Vandenbosch said on amendment #7 line 4, they want to strike "voting on the question".

Motion/Vote: SEN. GLASER moved TO STRIKE "VOTING ON THE QUESTION" #7, LINE 4, PAGE 2 OF THE AMENDMENT. Motion carried 8-0.

Motion/Vote: SEN. GLASER moved that THE AMENDMENTS BE ADOPTED AS AMENDED. Motion carried 8-0.

Motion/Vote: SEN. GLASER moved SB 264 DO PASS AS AMENDED. Motion carried 8-0.

ADJOURNMENT

Adjournment: 4:33 P.M.

SEN. MIKE SPRAGUE, Chairman

JODI PAULEY, Secretary

MS/JP

EXHIBIT (los40aad)